



Stat. of Utah
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DIVISION OF OIL, GAS AND MINING

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April 11, 2003

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 2444

W. Dan Proctor, Project Manager
Unico, Incorporated
951 East 830 South
Pleasant Grove, Utah 84062

Re: Third Review of Notice of Intention to Commence Large Mining Operations, Unico Mine, Deer Trail Mine, M/031/003, Piute County, Utah

Dear Mr. Proctor:

The Division has completed a review of your January 15, 2003, response to the Division's previous review of your draft Notice of Intention to Commence Large Mining Operations for the Deer Trail Mine, located in Piute County, Utah, originally received December 18, 2001. After reviewing the latest information, the Division has the following comments that need to be addressed before tentative approval may be granted. The comments are listed below under the applicable Minerals Rule heading. Please format your response in a similar fashion. Comments in *italicized* print describe how you responded to the previous review comment. Comments in ***bold italic still need to be addressed***. Please provide a response to this review by May 23, 2003.

The Division will suspend further review of the Deer Trail mine notice until your response to this letter is received. If you have any questions in this regard please contact me, Doug Jensen, or Lynn Kunzler of the Minerals Staff. If you wish to arrange a meeting to sit down and discuss this review, please contact us at your earliest convenience. Thank you for your cooperation in completing this permitting action. We are anxious to finalize the processing of the permit application. Over two years have passed since the initial application was received.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Attachment. Review

cc Steve Winslow, USFS w/attachment

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**THIRD REVIEW OF NOTICE
TO COMMENCE LARGE MINING OPERATIONS**

**Unico Mines
Deer Trail Mine
M/031/003**

March 24, 2003

R647-4-105 - Maps, Drawings & Photographs

105.2 Surface facilities map

Please describe the dimensions and construction of all buildings that will be located at the millsite, including any proposed for construction. (DJ)

Please describe the construction (wood, metal, etc) of the buildings on site. Also include concrete description, reinforced, unreinforced, and thickness. (DJ)

Only the concrete description for the mill building was addressed in Unico's response. A description of the building construction was not included. (DJ)

The surety submitted indicates a total of 9 buildings at the site. A complete description of each of these buildings is necessary for surety calculations. Please note that the unit cost contained in the Division's surety estimate is calculated using the total cubic feet for each of the buildings at the site. (DJ)

Unico's January 15, 2003 response contained a construction drawing of the mill floor and a foundation plan for the Marcy ball mill. Due to the floor thickness (3'6" of heavily reinforced concrete) the plan should include a plan for the destruction and removal of the mill floor and ball mill pedestals. The surety as submitted does not include any contingency for these items. (DJ)

The latest plan contains a map of the milling facility with areas crossed out and the mill building and the tailings pond outlined in yellow. Please include a legend on the map which indicates the significance of these changes. (DJ)

R647-4-106 - Operation Plan

106.3 Estimated acreages disturbed, reclaimed, annually.

The fresh water pond acreage was not noted in the areas. Was it included under other features? When noting estimated acreages for tailings pond, please include areas affected by these items as a part of the total acreage. (DJ)

The revised plan states that the fresh water pond will be replaced with a holding tank. Please note: The 1/4 acre disturbance associated with the fresh water pond will continue to be considered a part of the total disturbance at the site until the feature has been reclaimed and released by the Division.

Please show the location of the holding tanks on the surface facilities map. Also state the size of the holding tank and site for bonding purposes. (DJ)

106.5 Existing soil types, location, amount

Please provide a laboratory analysis of the soil materials that will be used for reclamation. This analysis needs to include: pH, texture, % organic matter, electrical conductivity (EC), cation exchange capacity (CEC), sodium absorption ration (SAR), total nitrogen, available phosphorus (as P_2O_5), and potassium (as K_2). (LK)

The requested soil analysis was not submitted. This analysis is needed to determine the need for, or adequacy of soil amendments, fertilizer, etc. for reclamation. (LK)

106.6 Plan for protecting & redepositing soils

The location of the soil stockpile directly below the planned tailings pond is unacceptable. If the dam should fail, the pile would become contaminated and Unico would be unable to use this material for reclamation. (DJ & LK)

The revised plan did not acknowledge the Division's concern with the location of the topsoil pile directly below the tailings pond. Please move the proposed soil storage area and show the new location on the surface facilities map. (DJ & LK)

106.9 Location & size of ore, waste, tailings, ponds

Using the scaled Mill Facilities map, the areas appear to be the storage area of each feature. The total area disturbed by each feature needs to be used when noting disturbed acreage. (DJ)

This comment was not addressed in the revised plan, please respond. (DJ)

R647-4-107 - Operation Practices

107.5 Suitable soils removed & stored

Due to the limited availability of topsoil, use of topsoil material to level areas is not recommended. (DJ)

Please acknowledge that topsoil will not be used to level areas. (DJ)

R647-4-109 - Impact Assessment

109.4 Slope stability, erosion control, air quality, safety

Air quality permits will need to be obtained from the Utah Division of Air Quality. (DJ)

The operator indicated that an Air Quality Permit was not required for this operation. (DJ)

Please provide a copy of the letter from the Division of Air Quality stating that an air quality permit will not be required for this operation. (DJ)

R647-4-110 - Reclamation Plan

110.1 Concurrent & post mining land use

The Division cannot approve leaving structures (i.e. buildings) for the post mining land use until at the time of closure. At that time, if there is a viable alternative use (other than mining related) for these buildings, the Division can waive reclamation requirements. Please plan on total reclamation of the site for this operation. (LK)

While the operator acknowledged that the Division cannot approve buildings for a proposed post-mining land use until mining is completed, no plans for reclamation were provided. Please provide plans for complete reclamation of all mining related facilities. (LK)

The Operator still has not provided reclamation plans for all mining related facilities. (LK)

110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed

Please indicate the overflow location for the fresh water pond on the Deer Trail Mine and Mill Operation map. (DJ)

The revised plan states that, when the fresh water pond is replaced with a holding tank, post-mining overflow from the pond will not be a problem. Please indicate how the overflow (if any) from the holding tank will be handled. (DJ)

110.3 Description of facilities to be left (post mining use)

Please refer to comments under R647-4-110.1 (LK)

R647-4-111 - Reclamation Practices

111.11 Structures & equipment buried or removed

Please see comments under R647-4-110.1. (LK)

The response states that 'in the event the Division of Oil, Gas and Mining does approve of the post mine use of the buildings, they will be torn down and buried'. The Division will assume that the buildings will be torn down if the Division does not approve the continued post mine use of these structures upon completion of mining activities. Please clarify. If this assumption is correct, it will also satisfy the comments under R647-4-110.1. (LK)

R647-4-112 - Variance

No variances are presently requested by the operator. (LK)

R647-4-113 – Surety

The Division acknowledges that the U.S. Forest service presently holds a \$24,000 bond on the Deer Trail Mine and the Division holds a \$19,000 transitional surety on the millsite. Because these two

sites have been consolidated, a single surety under both the Division of Oil, Gas, and Mining and the U.S. Forest Service should be considered. This will be resolved at the time the final surety is calculated. (DJ)

The operator needs to provide a bond calculation for this site with his response to this review. A generic bond estimation sheet is attached to assist the operator in calculating the required surety amount. (DJ)

A surety estimate was included with Unico's January 15, 2003 submittal; the following items within the estimate will require adjustment.

Demolition of buildings - unit cost shown on the Division's estimate calculated building demolition on the basis of cubic feet, not square feet.

Debris removal dump fees - The estimate indicates a total of 9 buildings on the site to be demolished, also a 3'6" concrete floor plus ball mill pedestals to be removed. Dump fees for this amount of material will be greater than the 5 CY shown on the estimate.

Regrading waste slopes - The surety states "present dumps are stable and vegetation is growing", with no cost estimate for regrading. The operation of the mill will redisturb some of these dumps for feed. The plan states that "mine waste rock will be dumped on the south side of the PTH tunnel where it will eventually be reclaimed when mining of this deposit is permanently closed". Regrading of waste dump slopes will be a necessary activity at closure.

Ripping waste dump tops - The plan indicates a total of 3.5 acres of waste dumps, this would indicate an area greater than the 1 acre shown in Unico's estimate.

Topsoil replacement-dozers - Because of the distance required to move the soil, a portion of the soil replacement will require the use of a truck and loader. A dozer will be needed to spread this soil.

Mulching, Fertilizing, Composted Manure, - The quantity and types of amendments required for soils used for reclamation cannot be assessed until the requested laboratory analysis is furnished to the Division.

Equipment mobilization - unit cost for equipment mobilization is now \$2000/ unit

Note: Unit costs contained in the Division's reclamation surety estimate were recalculated on 10/7/02. Please use the new unit costs when calculating the surety estimate for this site. A blank copy of this form is included with this review.

jb